



THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Financial Statements

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD**

December 31, 2010



THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD


STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

The management of The District of Thunder Bay Social Services Administration Board have prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the CICA.


In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Board's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board reviews and approves the financial statements before such statements are published for the residents of the District of Thunder Bay. The external auditors have access to, and meet with the Board to discuss their audit and the results of their examination.

The 2010 Financial Statements have been reported on by The District of Thunder Bay Social Services Administration Board's external auditors, Grant Thornton LLP, the auditors appointed by the Board. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Iain F. Angus
Chair
The District of Thunder Bay Social
Services Administration Board



William Bradica, CGA
Manager – Finance Division
The District of Thunder Bay Social
Services Administration Board

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

December 31, 2010

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Independent Auditor's Report

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To the Board Members, Members of Municipal Councils,

Inhabitants and Ratepayers as listed in Note 3

We have audited the accompanying consolidated financial statements of The District of Thunder Bay Social Services Administration Board, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The District of Thunder Bay Social Services Administration Board as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Thunder Bay, Canada
April 21, 2011

Chartered Accountants
Public Licensed Accountants

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

As at December 31

	2010 \$	2009 \$
FINANCIAL ASSETS		
Cash and cash equivalents	26,134,119	24,846,556
Marketable securities	6,394,251	6,217,951
Accounts receivable	301,167	275,583
Advances for client benefits	1,558,349	1,515,191
Receivable from participating municipalities and funded agencies <i>[note 16]</i>	-	1,299,709
Interest receivable	20,192	8,506
HST receivable	871,430	302,110
	35,279,508	34,465,606
LIABILITIES		
Accounts payable and accrued liabilities	3,674,817	2,515,010
Payable to participating municipalities and funded agencies <i>[note 16]</i>	1,440,890	-
Due to Province of Ontario <i>[note 4]</i>	121,240	310,516
Deferred revenue <i>[note 5]</i>	1,891,852	2,500,052
Long-term debt <i>[note 6]</i>	34,626,441	36,493,937
Employee benefits obligations <i>[note 7]</i>	917,553	1,192,075
	42,672,793	43,011,590
NET DEBT	(7,393,285)	(8,545,984)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[Schedule 2]</i>	45,190,139	44,007,450
Prepaid expenses	245,831	239,216
	45,435,970	44,246,666
ACCUMULATED SURPLUS <i>[Schedule 3]</i>	38,042,685	35,700,682

The accompanying notes and schedules are an integral part of these financial statements

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations

Year ended December 31

	2010		2009
	Budget \$	Actual \$	Actual \$
REVENUES			
Province of Ontario			
Ontario Works financial assistance	21,839,000	19,646,694	18,393,766
Ontario Works program delivery	2,775,900	2,882,657	2,713,708
Employment assistance services	2,803,700	2,780,894	2,541,607
Addiction services initiative	962,300	967,142	943,774
Child care	10,366,300	10,561,254	10,623,313
Social housing	18,191,300	17,270,143	12,953,144
Homelessness prevention	413,300	473,265	410,108
TWOMO election	-	1,894	-
	57,351,800	54,583,943	48,579,420
Municipal levies	29,913,639	29,913,639	33,890,026
TBDHC revenues	10,387,565	10,374,720	10,364,750
Interest on unrestricted funds	36,780	86,108	57,246
Interest on reserve funds	-	344,442	282,525
Other revenue	-	61,692	170,806
	40,337,984	40,780,601	44,765,353
TOTAL REVENUES	97,689,784	95,364,544	93,344,773

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations

Year ended December 31

	2010		2009
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 18]</i>		
EXPENSES			
Ontario Works financial assistance	26,489,300	23,854,215	22,451,365
Ontario Works program delivery	5,466,700	5,424,635	5,156,128
Employment assistance services	3,394,800	3,369,597	3,130,122
Addiction services initiative	1,125,000	1,133,356	1,117,399
Community social reinvestment program	655,400	568,326	759,089
Child care <i>[note 12]</i>	12,499,800	12,623,470	12,727,826
Social housing <i>[note 13]</i>	31,279,139	29,898,388	25,827,125
Homelessness prevention <i>[note 14]</i>	413,300	480,265	434,973
Requisitions from the Ministry of Community and Social Services <i>[note 15]</i>	5,956,100	5,937,814	11,136,519
211 Project	48,000	48,000	48,000
Social housing amalgamation	-	-	4,485
TWOMO election	-	844	1,050
Other	12,500	53,472	6,365
TBDHC expenses	10,417,853	10,201,180	9,831,013
TOTAL EXPENSES	97,757,892	93,593,562	92,631,459
Revenues less expenses	(68,108)	1,770,982	713,314
OTHER			
Distribution to municipalities	-	-	(660,735)
Contributed land <i>[note 16]</i>	-	110,200	-
Insurance proceeds <i>[note 5]</i>	-	460,821	-
ANNUAL SURPLUS	(68,108)	2,342,003	52,579
ACCUMULATED SURPLUS, BEGINNING OF YEAR	35,700,682	35,700,682	35,648,103
ACCUMULATED SURPLUS, END OF YEAR	35,632,574	38,042,685	35,700,682

The accompanying notes and schedules are an integral part of these financial statements

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD**

Consolidated Statement of Changes in Net Debt

Year ended December 31

	2010		2009
	Budget \$ [note 18]	Actual \$	Actual \$
ANNUAL SURPLUS	(68,108)	2,342,003	52,579
Amortization of tangible capital assets	-	1,970,096	1,571,677
Acquisition of tangible capital assets	-	(3,156,888)	(778,789)
Loss on disposal of tangible capital assets	-	4,103	-
Addition of prepaid expense	-	(245,831)	(239,216)
Use of prepaid expense	-	239,216	211,194
	(68,108)	1,152,699	817,445
NET DEBT, BEGINNING OF YEAR	(8,545,984)	(8,545,984)	(9,363,429)
NET DEBT, END OF YEAR	(8,614,092)	(7,393,285)	(8,545,984)

The accompanying notes and schedules are an integral part of these financial statements

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2010 \$	2009 \$
OPERATING		
Annual surplus	2,342,003	52,579
Uses		
Increase in accounts receivable	(25,584)	-
Increase in interest receivable	(11,686)	-
Increase in advances for client benefits	(43,158)	(151,487)
Increase in HST receivable	(569,320)	(135,498)
Increase in receivable from participating municipalities and funded agencies	-	(1,714,647)
Decrease in due to Province of Ontario	(189,276)	(156,433)
Decrease in deferred revenue	(608,200)	(378,219)
Decrease in employee benefits obligations	(274,522)	-
Increase in prepaid expense	(6,615)	(28,022)
	613,642	(2,511,727)
Sources		
Decrease in accounts receivable	-	94,151
Decrease in interest receivable	-	22,658
Increase in accounts payable and accrued liabilities	1,159,807	789,866
Increase in payable to participating municipalities and funded agencies	2,740,599	-
Increase in employee benefits obligations	-	366,313
	3,900,406	1,272,988
Non-cash charges to operations		
Amortization of tangible capital assets	1,970,096	1,571,677
Cash provided by operating transactions	6,484,144	332,938
CAPITAL		
Acquisition of tangible capital assets	(3,156,888)	(778,789)
Loss on disposal of tangible capital assets	4,103	-
Cash used in capital transactions	(3,152,785)	(778,789)
INVESTING		
Net increase in investments	(176,300)	(802,114)
FINANCING		
Mortgage principal repayments	(1,867,496)	(1,768,251)
NET INCREASE (DECREASE) IN CASH	1,287,563	(3,016,216)
CASH, BEGINNING OF YEAR	24,846,556	27,862,772
CASH, END OF YEAR	26,134,119	24,846,556

The accompanying notes and schedules are an integral part of these financial statements

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

GENERAL

Effective April 1, 1999, pursuant to provincial legislation, The District of Thunder Bay Social Services Administration Board ("TBDSSAB") was formed to accommodate the provincial government's requirement to consolidate the delivery of Social Services. The Board delivers provincially mandated services on behalf of the citizens of the District of Thunder Bay.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The District of Thunder Bay Social Services Administration Board are prepared by management in accordance with accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund and reserve funds of the Board and include the activities of its wholly-owned subsidiary; Thunder Bay District Housing Corporation ("TBDHC"). All interfund balances and transactions have been eliminated.

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, term deposits and money market funds.

Marketable securities

Marketable securities include funds invested by the TBDHC in pooled funds, which are held in trust and managed by an external fund manager.

The pooled funds are recorded at cost. Cost includes income re-invested. When there has been other than a temporary decline in the value of an individual pooled fund, the investment is adjusted to reflect market value. If there is a subsequent increase in the value, prior years' recognized losses are not reversed.

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the Change in Net Debt for the year.

[i] Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

- Land improvements – 15 to 25 years
- Buildings – up to 50 years
- Machinery and equipment – 5 to 20 years
- Vehicles – 5 to 15 years
- Computer hardware and software – 3 to 10 years

Full annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

[ii] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[iii] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

[iv] Prepaid expenses

Amounts paid in advance of the receipt of goods or services are recorded as prepaid expense.

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

Revenue recognition

Revenue is recognized as it is received or becomes receivable and expended according to the terms of applicable funding agreements. Investment income, management service fees and other revenue are recognized when they are earned. Rental revenue is recognized when rent is receivable based on tenant occupancy. Prepaid rents are recorded as deferred revenue.

Employee related costs

The Board has adopted the following policies with respect to employee benefit plans:

- [i] Contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made.
- [ii] The costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs.
- [iii] The costs of the workplace safety and insurance obligations are calculated by the Workplace Safety and Insurance Board. The costs and related liability are recorded in the current year based on the latest available valuation report [note 7 [c]].

2. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, interest receivable, accounts payable and accrued liabilities, receivable from (payable to) participating municipalities and funded agencies, due to Province of Ontario and long-term debt. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

**3. PARTICIPATING MUNICIPALITIES AND TERRITORIES WITHOUT
MUNICIPAL ORGANIZATION**

City of Thunder Bay
Town of Marathon
Township of Conmee
Township of Dorion
Township of Gillies
Township of Manitouwadge
Township of Nipigon
Township of O' Connor
Township of Red Rock
Township of Schreiber
Township of Terrace Bay
Municipality of Greenstone
Municipality of Neebing
Municipality of Oliver Paipoonge
Municipality of Shuniah
District of Thunder Bay territories without municipal organization

4. DUE TO PROVINCE OF ONTARIO

Due to Province of Ontario consists of:

	2010	2009
	\$	\$
Due to Ministry of Community and Social Services ["MCSS"]	38,423	150,846
Due to Ministry of Children and Youth Services ["MCYS"]	8,858	62,853
Due to Ministry of Municipal Affairs and Housing ["MMAH"]	73,959	96,817
	121,240	310,516

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

5. DEFERRED REVENUE

Deferred revenue balance consists of the following:

	2010	2009
	\$	\$
Best Start	114,000	-
Consolidated Homeless Prevention	-	60,003
Employment Assistance Services	3,953	3,953
Enhanced Employment Services	4,417	-
Northern Home Repair [Wave 1]	679,737	995,489
Northern Home Repair [Wave 2]	356,229	522,165
Northern Home Repair [Loan discharge]	12,600	8,400
ODSP participating	85,158	85,158
Rent bank	-	53,977
Social Housing Capital Repair Program	-	31,366
Social Housing Renovation & Retrofit Program	437,225	100,000
Strong Communities rent supplement	37,729	30,050
TBDHC	160,804	609,491
	1,891,852	2,500,052

In 2008, a fire at the TBDHC Whitman Court property in Marathon, Ontario caused significant damage to the building. The property was fully insured for property damage and a portion of the rental income loss. In 2009, \$460,821 was received from the insurance company in advance of final settlement on the property damage claim and included in deferred revenue. The claim was settled for the same amount in 2010 and subsequently the amount of the settlement was recognized as revenue and transferred to TBDHC reserve funds.

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

6. LONG-TERM DEBT

Long-term debt consists of various mortgages payable as at December 31, 2010 on TBDHC properties.

	2010 \$	2009 \$
Mortgages payable to:		
Canada Mortgage and Housing Corporation ["CMHC"]	19,430,144	20,489,026
Scotiabank	10,031,342	10,475,950
Others	5,164,955	5,528,961
	34,626,441	36,493,937

The land, buildings, appliances and equipment of each project together with an assignment of the rents are pledged as collateral for the mortgage of each project. The net book value of the pledged assets as at December 31, 2010 was \$31,083,512 [2009 - \$32,404,807].

Principal payments due within each of the next ten years on long-term debt assuming refinancing at similar terms and conditions are approximately as follows:

	CMHC \$	Scotiabank \$	Other Lenders \$	Total \$
2011	1,109,041	465,216	388,556	1,962,813
2012	1,163,266	486,748	414,842	2,064,856
2013	1,220,742	509,363	443,087	2,173,192
2014	1,281,006	532,954	473,325	2,287,285
2015	1,344,659	557,660	505,772	2,408,091
2016	1,411,604	583,487	524,141	2,519,232
2017	1,450,866	610,577	337,853	2,399,296
2018	1,213,918	638,871	229,200	2,081,989
2019	1,191,404	668,492	244,694	2,104,590
2020	1,256,227	699,462	261,320	2,217,009
Subsequent to 2020	6,787,411	4,278,512	1,342,165	12,408,088
	19,430,144	10,031,342	5,164,955	34,626,441

[a] The CMHC mortgages bear interest at rates between 3.5% and 9.5% [2009 – 3.5% and 9.5%]. These mortgages mature between 2011 and 2029.

[b] The Scotiabank mortgages bear interest at rates between 4.5% and 4.7% [2009 – 4.5% and 4.7%]. These mortgages mature between 2012 and 2017.

[c] Other financial institution mortgages bear interest at rates between 3.3% and 9.3% [2009 - 3.3% and 9.3%]. These mortgages mature between 2011 and 2024.

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

7. EMPLOYEE BENEFITS OBLIGATIONS

The employee benefits obligations of the Board and its wholly-owned subsidiary TBDHC are as follows:

	2010	2009
	\$	\$
Liability for sick leave benefits	449,485	513,958
Severance/termination benefits	-	131,161
Vacation entitlements	312,597	383,109
Workplace Safety and Insurance Board obligations	155,471	163,847
	917,553	1,192,075

[a] Liability for Sick Leave Benefits

Under the sick leave benefit plans, unused sick leave can accumulate for certain employees who may become entitled to a cash payment when they retire or leave the Board's employment. The liability for these accumulated days, to the extent that they have vested and could be taken by them on retirement or paid to his/her estate upon death amounted to approximately \$449,485 [2009 - \$513,958].

[b] Severance/Termination Benefits

Under the severance/termination plan, weeks accumulate for each year of service and employees may become entitled to a cash payment when they leave TBDHC's employment. The liability for these accumulated weeks represents the extent to which the benefits for employees have vested and could be taken in cash by them on termination. This liability was fully extinguished during 2010.

[c] Vacation Entitlements

Vacation entitlements earned by the employees are converted to a cash payment when they retire or leave the Board's employment. The liability for these accumulated days amounted to approximately \$312,597 [2009 - \$383,109].

[d] Workplace Safety and Insurance Obligations

The TBDSSAB and TBDHC are both Schedule 2 employers under the Workplace Safety and Insurance Act and as such, assume responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation of claims to be insured based on the history of claims. The liability accrued at December 31, 2010 of \$155,471 reflects the valuation as at December 31, 2009.

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

[e] Pension Agreement

Employees are members of the Ontario Municipal Employees' Retirement Fund ["OMERS"], a multi-employer pension plan. OMERS is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on length of service and rates of pay. From January 1, 2010 to December 31, 2010, employees contributed at levels of up to 9.7% of earnings [2009 – 9.5%]. The Board makes contributions equal to the employee contributions to the plan. Required contributions by the TBDSSAB and TBDHC for 2010 amounted to \$548,607 [2009 - \$537,798]. These contributions are included in the Consolidated Statement of Operations. No pension liability for this type of plan is included in the financial statements.

8. COMMITMENTS

[i] The Board has commitments under various building lease agreements expiring in 2011 to 2012. The following approximate annual rental payments are required under these operating leases.

Year	Annual Payment
2011	\$ 574,709
2012	7,002
Total	\$ 581,711

[ii] The Board leases certain computer equipment under an operating lease that commenced October 1, 2010 and expires on September 30, 2015. Under the terms of the lease additional computers can be added within 15 months of the lease commencement date, at the rates that were in effect on that date. The following approximate annual rental payments are required under this operating lease.

Year	Annual Payment
2011	\$ 29,173
2012	29,173
2013	29,173
2014	29,173
2015	21,879
Total	\$ 138,571

[iii] The Board leases multi-function photocopiers which are charged at varying rates on a per-copy basis, with leases expiring in May 2012. The amount of the commitment cannot be reasonably estimated.

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

[iv] In 1985, NPHC entered into an agreement with the Corporation of the City of Thunder Bay to lease the Royal Edward Hotel property on a net lease basis for a period of thirty years. TBDHC is responsible for all operating costs of the property and the mortgage payments on the property [note 6] and is subject to certain conditions regarding the construction of improvements.

The schedule for future lease payments is as follows:

Years	Annual Lease Payment
2011 - 2014	\$ 25,000

[v] The Board has entered into a number of contracts with respect to the construction of a new office facility. The total value of commitments to date not reflected in the financial statements amounted to \$8,918,000.

9. CONTINGENT LIABILITIES

[a] Legal Actions

The nature of TBDHC's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at December 31, 2010, management believes TBDHC has valid defenses and appropriate insurance coverage in place. In the event that claims are successful, management believes that such claims are not expected to have a material effect on TBDSSAB's financial position.

[b] Capital Contribution Credits earned by TBDHC

CMHC reduced the mortgages otherwise payable by 10% of the approved capital costs of the Sequoia Park and Andras Court properties. The credits are being earned on a straight-line basis over 50 years in accordance with CMHC's policy.

Application of these credits will continue only for as long as TBDHC is managed and operated within the terms of the agreement between CMHC, the MMAH and the TBDHC. Default under the agreement shall disqualify the TBDHC and the credits unearned together with the accrued interest will become due and payable.

The amount of the credits recorded as a reduction of amounts to be recovered but unearned as of the year-end is as follows:

	2010	2009
	\$	\$
Contingent liabilities, beginning of year	281,617	297,316
Less amount earned during the year	15,697	15,699
Contingent liabilities, end of year	265,920	281,617

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

10. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds is as follows:

	2010 \$	2009 \$
Reserves		
Balance, beginning of year	-	4,485
Expenditures		
Transfers to current operations	-	4,485
	-	4,485
Balance, end of year	-	-

	2010 \$	2009 \$
Reserve funds		
Balance, beginning of year	26,110,933	23,633,963
	26,110,933	23,633,963
Revenue		
Transfers from current operations	6,731,245	11,259,660
Interest earned	344,442	282,525
	7,075,687	11,542,185
Expenditures		
Transfers to current operations	9,030,660	9,065,215
	9,030,660	9,065,215
Balance, end of year	24,155,960	26,110,933

11. DESIGNATED ASSETS

Of the assets reported on the Consolidated Statement of Financial Position, the Board has designated \$24,155,960 [2009 - \$26,110,933] to support reserve funds.

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

12. CHILD CARE

The expenses by project code under the Child Care contracts are outlined below:

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	<i>[note 18]</i>		
Child Care			
Administration	583,830	555,819	605,193
Fee subsidy	1,629,100	1,488,413	1,640,304
Fee subsidy – First Nations	-	56,160	80,084
Ontario Works Formal	475,000	556,109	558,668
Ontario Works Informal	110,000	48,890	81,215
Ontario Works IWS	-	4,617	11,403
Pay equity	104,300	104,300	104,076
Repairs and maintenance	-	74,535	-
Resource Centres	928,100	927,999	928,032
Safe Drinking Water	-	4,231	-
Special needs resourcing	1,229,900	1,229,363	1,229,900
Wage subsidy – non-profit	1,553,700	1,553,700	1,553,700
Wage subsidy – commercial	159,100	159,100	159,100
Early Learning and Child Care Initiative			
Administration	84,400	84,400	84,400
Fee subsidy	2,340,000	2,320,898	2,100,952
Special needs resourcing	50,000	50,000	49,956
Wage subsidy – non-profit	382,200	382,200	382,200
Wage subsidy – commercial	47,800	47,800	47,800
Best Start			
Administration	321,270	294,474	290,141
Capital	-	15,000	-
ELCD fee subsidy	243,800	257,525	252,150
Operating	1,774,700	1,826,238	2,085,974
Planning	33,700	29,299	33,678
Start-up	-	103,500	-
Wage improvement – non-profit	421,648	421,648	419,473
Wage improvement – commercial	27,252	27,252	29,427
	12,499,800	12,623,470	12,727,826

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

13. SOCIAL HOUSING

The expenses by program for Social Housing are as follows:

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	<i>[note 18]</i>		
Administration	1,256,700	1,166,395	1,093,551
Provincial reformed	10,118,632	9,828,617	9,830,458
Public housing	3,611,402	3,699,864	4,003,127
Section 95 municipal non-profit	160,512	160,512	160,512
Section 95 private non-profit	12,576	5,648	12,576
Rent supplement – commercial	2,977,920	2,808,374	2,869,738
Rent supplement – non-profit	1,283,300	1,265,081	1,238,306
Strong Communities – regular	362,490	362,468	362,439
Strong Communities – MCSS	28,740	18,559	20,165
Strong Communities – MOHLTC	45,970	18,460	24,562
Urban Native, Pre-1986	874,989	819,836	835,457
Urban Native, Post-1985	1,466,108	1,466,958	1,376,308
Rent Bank	86,900	94,538	22,739
Northern Home Repair (Wave 1)	92,500	839,483	2,417,888
Northern Home Repair (Wave 2)	1,360,000	1,003,870	68,461
Social Housing Capital Repair	36,000	31,369	1,490,838
Social Housing Renovation & Retrofit Program	7,354,400	6,031,356	-
Home Ownership Program	150,000	277,000	-
	31,279,139	29,898,388	25,827,125

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

14. HOMELESSNESS PREVENTION

The expenses by program for Homelessness Prevention are as follows:

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	<i>[note 18]</i>		
Consolidated Homelessness Prevention	379,670	446,635	376,478
Emergency Energy	33,630	33,630	33,630
Out of the Cold	-	-	9,032
Regional Food Distribution Association additional funding	-	-	15,833
	413,300	480,265	434,973

15. REQUISITIONS FROM THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES

The MCSS recovered the municipal share of certain downloaded costs from the monthly cash advances. During the year, they consisted of the following:

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	<i>[note 18]</i>		
Ontario Disability Support Program (ODSP) Allowances, Benefits and Administration			
ODSP allowances	5,830,200	5,819,780	10,886,667
Ontario Dental Association	92,100	95,381	188,935
Assistive devices	24,600	16,820	46,248
Vision care	9,200	5,833	14,669
	5,956,100	5,937,814	11,136,519

16. RELATED PARTY TRANSACTIONS

Measurement basis

Related party transactions are in the normal course of operations. The expenses represent purchased services and rents under contracts approved by the TBDSSAB board.

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

Related corporations

The TBDSSAB is related to the following corporations:

The Corporation of the City of Thunder Bay acting as a delivery agent for Child Care and Ontario Works programs, as well as providing rental accommodations and certain administrative services to the TBDSSAB. The TBDSSAB administers certain City programs on a fee-for-service basis.

In addition, the City of Thunder Bay transferred certain land to the Board during the 2010 year for no consideration. The fair market value of the land has been estimated at \$110,200.

The Municipality of Greenstone acting as a delivery agent for Child Care programs, as well as providing rental accommodations to the TBDSSAB.

The Township of Manitouwadge providing rental accommodations to the TBDSSAB.

The Town of Marathon providing rental accommodation to the TBDSSAB. In addition TBDSSAB provided funding towards a community housing study.

The Township of Schreiber providing rental accommodations to the TBDSSAB.

The Township of Nipigon, Municipality of Greenstone, Township of Manitouwadge and Township of Schreiber also acted as delivery agents for Ontario Works programs in 2009.

	2010	2009
	\$	\$
<hr/>		
Amounts owing to related parties, included in Payable to participating municipalities and funded agencies:		
City of Thunder Bay	(703,810)	(285,023)
Municipality of Greenstone	(8,380)	(21,958)
Township of Manitouwadge	(2,644)	-
Township of Schreiber	(1,800)	(6,564)
Amounts received from related parties, included in revenues:		
City of Thunder Bay	32,800	31,800
Amounts paid to related parties for purchased services and rent, included in expenses:		
City of Thunder Bay	3,935,173	4,009,359
Municipality of Greenstone	707,101	679,921
Township of Manitouwadge	13,866	40,689
Township of Schreiber	7,266	2,752
Town of Marathon	17,567	10,200
Township of Nipigon	-	3,500

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

17. PROVINCE OF ONTARIO GRANTS

Revenue from the Province of Ontario has been calculated according to the terms of the governing statutes and is subject to final approval by the Province. Ultimate determination of amounts is dependent upon the reconciliation of funding by the Province of Ontario. Adjustment to the accounting records is made at the time of final settlement.

18. BUDGET AMOUNTS

The budgeted figures presented for comparative purposes are unaudited and are those as approved by the Board.

19. COMPARATIVE FIGURES

Certain of the 2009 comparative figures have been reclassified to conform to the presentation adopted in the current year.

20. ADEQUACY OF HOUSING PROVIDERS' CAPITAL RESERVE FUNDS

The TBDHC and certain non-profit housing providers are required to establish capital reserve funds for financing future major repairs and replacements.

The Analysis of Building Condition Assessment and Reserve Funds for the Thunder Bay District Social Services Administration Board study (the "Study") conducted by the Stonewell Group Inc. and Jp2g Consultants Inc. in 2003 evaluated the adequacy of annual contributions to the capital reserve funds of certain housing providers that receive funding from the TBDSSAB.

The Study indicated that, based on the capital reserve fund balances as at June 30, 2003 and the level of annual capital reserve contributions in effect for the year 2003, that over a 30-year period, the capital reserve funds for the public housing and certain provincial reformed non-profit housing providers that receive funding from TBDSSAB would be deficient.

The capital reserve funds of housing providers were evaluated on the basis of expected repair and replacement costs and life expectancy of the building projects. Such evaluation is based on numerous assumptions and future events. The Study has not been updated since 2003 for current conditions.

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Schedule of Segment Disclosure

Year ended December 31

Schedule 1

	Central Administration		Ontario Works		Children's Services		Social Housing	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Municipal levy	-	-	8,688,200	7,548,100	2,133,500	2,137,580	13,087,839	12,792,346
Provincial grants	-	-	26,750,652	25,002,963	10,561,254	10,623,313	17,297,195	12,980,196
Rent	-	-	-	-	-	-	10,031,968	10,059,360
Interest on unrestricted funds	59,165	49,653	-	-	-	-	26,943	7,593
Interest on reserve funds	114,830	95,228	-	-	-	-	229,612	187,297
Other	21,638	139,006	39,800	31,800	-	-	315,954	278,338
	195,633	283,887	35,478,652	32,582,863	12,694,754	12,760,893	40,989,511	36,305,130
Expenses								
Salaries, wages & employee benefits	1,372,688	1,319,421	5,037,805	5,169,013	540,552	577,219	3,807,784	3,581,630
Materials and supplies	120,011	102,726	676,665	519,042	33,931	55,828	15,617,734	13,734,337
Contracted services	91,005	117,722	257,893	249,796	41,256	46,050	147,153	134,078
Rents and financial	188,716	138,252	467,138	446,399	33,676	50,780	2,051,941	2,150,764
External transfers	-	-	27,381,446	25,699,272	11,586,345	11,612,220	16,183,069	14,165,179
Amortization	-	-	45,395	44,502	815	913	1,923,886	1,526,262
Allocation of central administration	(1,718,948)	(1,671,756)	964,052	921,052	386,895	384,816	368,001	365,888
	53,472	6,365	34,830,394	33,049,076	12,623,470	12,727,826	40,099,568	35,658,138
Excess (deficiency) of revenues over expenses	142,161	277,522	648,258	(466,213)	71,284	33,067	889,943	646,992

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Schedule of Segment Disclosure

Year ended December 31

Schedule 1
(continued)

	Ontario Disability Support Program		Other		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Revenue						
Municipal levy	5,956,100	11,364,000	48,000	48,000	29,913,639	33,890,026
Provincial grants	-	-	1,894	-	54,610,995	48,606,472
Rent	-	-	-	-	10,031,968	10,059,360
Interest income	-	-	-	-	86,108	57,246
					344,442	282,525
Other	-	-	-	-	377,392	449,144
	5,956,100	11,364,000	49,894	48,000	95,364,544	93,344,773
Expenses						
Salaries, wages & employee benefits	-	-	-	-	10,758,829	10,647,283
Materials and supplies	-	-	844	1,050	16,449,185	14,412,983
Contracted services	-	-	-	4,485	537,307	552,131
Rents and financial	-	-	-	-	2,741,471	2,786,195
External transfers	5,937,814	11,136,519	48,000	48,000	61,136,674	62,661,190
Amortization	-	-	-	-	1,970,096	1,571,677
Allocation of central administration	-	-	-	-	-	-
	5,937,814	11,136,519	48,844	53,535	93,593,562	92,631,459
Excess (deficiency) of revenues over expenses	18,286	227,481	1,050	(5,535)	1,770,982	713,314

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD**

Consolidated Schedule of Tangible Capital Assets

Year ended December 31

Schedule 2

	Land	Buildings	Vehicles	Computer	Machinery & Equipment	Assets Under Construction	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	9,857,708	75,483,164	325,062	146,581	394,165	591,615	86,798,295	86,019,506
Add:								
Additions during the year	176,149	-	53,175	6,358	111,547	2,809,659	3,156,888	778,789
Less:								
Disposals during the year	-	-	-	(11,518)	(13,686)	-	(25,204)	-
BALANCE, END OF YEAR	10,033,857	75,483,164	378,237	141,421	492,026	3,401,274	89,929,979	86,798,295
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	42,372,405	132,234	105,320	180,886	-	42,790,845	41,219,168
Add:								
Amortization during the year	-	1,872,800	38,584	26,437	32,275	-	1,970,096	1,571,677
Less:								
Accumulated amortization on disposals	-	-	-	(11,518)	(9,583)	-	(21,101)	-
BALANCE, END OF YEAR	-	44,245,205	170,818	120,239	203,578	-	44,739,840	42,790,845
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	10,033,857	31,237,959	207,419	21,182	288,448	3,401,274	45,190,139	44,007,450

**THE DISTRICT OF THUNDER BAY SOCIAL SERVICES
ADMINISTRATION BOARD**

Consolidated Schedule of Accumulated Surplus

Year ended December 31

Schedule 3

	2010	2009
	\$	\$
RESERVE FUNDS		
Administration rate stabilization	584,110	579,248
Best Start	424,546	421,013
Building	3,450,451	6,134,151
Community Social Reinvestment Program	261,912	174,838
Ontario Works client benefits	628,508	623,277
Statutory entitlements	307,459	409,843
Social housing	5,351,991	5,175,281
Social housing development	1,186,064	1,176,192
TBDHC capital	11,960,919	11,417,090
Total - Reserve Funds	24,155,960	26,110,933
SURPLUSES		
Invested in tangible capital assets	10,563,698	7,513,513
General	3,323,027	2,076,236
Total - Surpluses	13,886,725	9,589,749
ACCUMULATED SURPLUS	38,042,685	35,700,682